

Message Text

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ACTION TRSE-00

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SUBJECT: LOAN TO COOPERATIVES, CREDIT UNIONS AND INDIGENOUS
FACILITATOR ORGANIZATIONS

REF: TELECON EDMOND/SHERK

1. IN RESPONSE TO QUESTION POSED IN TELECON REGARDING
PERCENTAGE OF ADB AND ADF LOANS FOR CREDIT UNIONS,
COOPERATIVES AND INDIGENOUS FACILITATOR ORGANIZATIONS
DURING THE YEARS 1976, 1977 AND ESTIMAT FOR 1978, THE
ADB HAS PROVIDED THE FOLLOWING INFORMATION ABOUT THE
LOANS APPROVED TO THE ABOVE MENTIONED ORGANIZATIONS.

2. BANGLADESH: SERAJGONJ INTEGRATED RURAL DEVELOPMENT
PROJECT - LOAN NO. 293 BANK (SF)
THE BANK APPROVED A LOAN OF \$26.0 MILLION IN 1976 FOR THE
ABOVE-MENTIONED RURAL DEVELOPMENT PROJECT. OF THE TOTAL
LOAN, 13.43 MILLION IS ESTIMATED FOR DIRECT SUPPORT TO
THE COOPERATIVES IN TERMS OF CERTAIN RURAL INFRASTRUCTURE
DEVELOPMENT AND CREDIT FACILITIES FOR MEMBERS OF THE COOP-
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ERATIVES; THIS ACCOUNTS FOR ABOUT 51.66 PERCENT OF THE
TOTAL LOAN. DIRECT LENDING TO COOPERATIVES FOR
CREDIT FACILITIES ACCOUNTS FOR ABOUT \$1.11 MILLION, WHICH
IS 4.44 PERCENT OF THE TOTAL LOAN. THE MAIN PURPOSE BE-
HIND THIS LENDING IS TO STRENGTHEN THE COOPERATIVES SO
THAT THE FLOW OF FINANCIAL RESOURCES TO SUCH FARMERS AND
RURAL ENTREPRENEURS COULD BE EASIER.

NEPAL: THIRD AGRICULTURAL CREDIT PROJECT LOAN NO. 295-
NEP (SF)

THE BANK APPROVED A LOAN OF \$6.0 MILLION IN 1977 TO THE AGRICULTURAL DEVELOPMENT BANK OF NEPAL FOR THE THIRD AGRICULTURAL CREDIT PROJECT. THE MAIN COMPONENTS OF THE PROJECT ARE IRRIGATION PUMP SETS AND PROVISION OF INITIAL FERTILIZER INPUTS TO THE PARTICIPATING FARMERS. IN ORDER TO MEET THE REQUIREMENTS OF SMALL FARMERS AND TENANTS, ABOUT \$2.1 MILLION OF LOAN PROCEEDS FOR IRRIGATION PUMP SETS IS ENVISAGED TO BE CHanneLED THROUGH THE SMALL FARMER GROUPS. ALTOGETHER, ABOUT 60 PERCENT OF THE TOTAL BANK LOAN WILL BE CHanneLED THROUGH THE SMALL FARMER GROUPS. IN THE PAST, ONE OF THE MAJOR DEFICIENCIES IN PROJECT EFFECTIVENESS FOR SMALL FARMERS HAS ARISEN DUE TO WEAK RURAL INSTITUTIONS AND THE BANK'S INTENTION IS TO OVERCOME THIS THROUGH ORGANIZING SMALL FARMERS' GROUP.

3. IN ADDITION TO THE ABOVE-MENTIONED TWO PROJECTS, THE BANK HAS MADE ARRANGEMENTS TO USE THE COOPERATIVES (E.G., NATIONAL AGRICULTURAL COOPERATIVE FEDERATION) AS CREDIT CHANNELLING AGENCY IN THE NAMGANG AREA DEVELOPMENT PROJECT IN SOUTH KOREA. OF THE BANK LOAN OF \$32.0 MILLION (LOAN NO. 275 KOR (OR), \$2.32 MILLION IS BEING RELENT TO THE NACF FOR ON-LENDING TO INDIVIDUAL FARMERS FOR FARM PRODUCTION AND PROCESSING AND MARKETING FACILITIES. THIS LIMITED OFFICIAL USE

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ACCOUNTS FOR ROUGHLY 6.5 PERCENT OF THE TOTAL BANK LOAN FOR THE PROJECT.

4. AS FOR 1978 OPERATIONS, BANK IS CONTEMPLATING FOR USING COOPERATIVES AS CREDIT CHANNELLING AGENCIES IN THE FOLLOWING THREE PROPOSED PROJECTS:

A) SAGARMATHA INTEGRATED RURAL DEVELOPMENT PROJECT (NEPAL);

B) RURAL DEVELOPMENT - PROJECT IN NORTHERN THAILAND (THAILAND);

C) AGRICULTURAL CREDIT PROJECT (SRI LANKA)

THE ESTIMATES ON AMOUNT TO BE CHanneLED THROUGH COOPERATIVES ARE YET TO BE WORKED OUT.

5. USADB CALCULATES ON BASIS OF ABOVE INFORMATION THAT THE PERCENTAGE OF TOTAL ADF LOANS TO SUCH ORGANIZATIONS IN 1976 WAS SLIGHTLY MORE THAN 6 PERCENT, IN 1977 THE PERCENTAGE WAS SLIGHTLY MORE THAN 1.3 PERCENT. LOANS TO THESE

ORGANIZATIONS COMPRISED APPROXIMATELY 0.4 PERCENT OF
ORDINARY CAPITAL LOANS IN 1976. EDMOND

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